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RUEHBJ/AMEMBASSY BEIJING PRIORITY 1856
RUEHUL/AMEMBASSY SEOUL PRIORITY 3244
RUEHKO/AMEMBASSY TOKYO PRIORITY 4857
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USDA FOR FAS/OCRA/ABRANSON
BEIJING FOR FAS AND ECON
TOKYO FOR FAS
SEOUL FOR FAS
AIT FOR FAS/HALLMAN, ECON/OCONNOR

E.O. 12958: N/A

TAGS: EAGR ECON ETRD TBIO KPAO HK

SUBJECT: FUNDING REQUEST FOR FY2008 BIOTECHNOLOGY OUTREACH AND CAPACITY BUILDING IN HONG KONG

Ref: 07 STATE 160639

¶1. This is an action request. See paragraphs 2 and 9.

¶2. Summary and Action Request: Hong Kong is on the brink of initiating the formal process for establishing mandatory labeling for biotech foods. This step could seriously undermine sales to this 8th-largest market for U.S. value-added agricultural products, which amounted to about USD\$710 million in 2007. Consulate General Hong Kong requests resources in the amount of \$20,000 for outreach and capacity building activities, including work with educators and institutions as outlined in para 9. Mandatory biotech labeling is a high-priority issue for FAS posts throughout the region and coordination with other posts is welcome. End summary and action request.

¶3. If Hong Kong initiates mandatory labeling for biotech foods, U.S. products will be severely impacted because of the cost of labeling, if exporters choose to continue to sell to this market. Retailers fear negative consumer reaction and a reduction in consumer choice for food products in Hong Kong. The Hong Kong Government (HKG) released a set of guidelines on voluntary labeling for biotech foods in July 2006. While the HKG has not publicly announced its decision to implement a mandatory labeling scheme, pressure from some legislators has led officials to state they will formally introduce mandatory GM labeling in the coming year. Presently, Hong Kong does not have any specific regulation regarding biotech foods. Given the lack of public concern over GM foods, post believes that by taking a proactive approach to educate HKG officials, legislators, and media on the science-based principles and consumer benefits of biotechnology, post would be successful in keeping biotech labeling voluntary. Post believes work in this area would have influential spillover effects in both Taiwan and the PRC. Mandatory biotech labeling is a high priority issue for FAS posts throughout the region, and coordination with other posts is welcome and likely. Consulate General Hong Kong requests resources in the amount of \$20,000 to carry out outreach and capacity building activities, including work with educators and institutions as outlined in para ¶9.

BACKGROUND

Biotechnology Trade and Production

¶ 4. U.S. exports of agricultural and food products to Hong Kong totaled approximately \$1.26 billion in 2007, ranking it as the 15th-largest U.S. export market. Of the \$1.26 billion of exports, \$710 million were consumer-oriented products and nearly \$13 million were made up of corn and soybeans. If a mandatory biotech labeling law goes into effect, most of these products would be affected. The voluntary guidelines that were introduced in 2006 have not negatively affected U.S. exports to Hong Kong. The HKG currently makes no distinction between conventional and biotech foods; all are subject to the same food safety regulation.

¶ 5. Farming in Hong Kong is an insignificant industry with very limited future prospects. Hong Kong itself does not commercially produce any biotechnology crops, nor does it conduct field trials. Except for research on biotech rice at the Chinese University of Hong Kong, all field trials are conducted in Mainland China. In 2003, the HKG announced a program for voluntary labeling for pre-packaged food and mandatory pre-market safety assessment requirements for all food products. While the HKG has not set a date for the implementation of the mandatory pre-market safety assessment, it released the guidelines for voluntary labeling of biotech foods in order to answer the public call concerning consumers' right to make an informed choice on these products.

¶ 6. The guidelines for the voluntary labeling program were formulated by a working group established under the Hong Kong Center for Food Safety. Its members come from various sectors including manufacturing, wholesale, retail, consumer groups and government departments. These guidelines are advisory in nature and do not have any legal weight. Adoption is entirely voluntary and not binding. As such, U.S. food exports should not be affected if they choose not to have any biotech labeling. Since Hong Kong does not maintain a list of approved biotechnology crops, biotech crops can

be imported into Hong Kong as conventional crops and are subject to the same legislation.

HK to Review Its Biotech Policy in 2008

¶ 7. Government sources revealed that the HKG will review its policy on the labeling of biotech pre-packaged foods and drinks over the coming year. While the government has not announced its decision to implement a mandatory labeling scheme, industry sources have expressed certainty that the HKG is moving in this direction.

Post Efforts to Steer HKG to an Interim Voluntary Labeling Scheme

¶ 8. In 2000, in view of the mounting pressure of establishing a mandatory labeling policy in Hong Kong, the American Consulate General, Agricultural Trade Office (ATO) Hong Kong organized a series of activities including a video conference and a range of workshops targeting different audience groups clarifying the myths of biotech foods. Distinguished subject-matter speakers from the U.S. were invited to take part in the workshops and video conference. Upon concluding the outreach activities, HKG announced an interim voluntary labeling policy. It will review that policy this year, and thus, Post believes now is the best time to stage another round of education. Meanwhile, the HKG is closely monitoring the development of implementation details of the Cartagena Protocol. Therefore, it is desirable to alert the government to the possible adverse impact implementation of the Protocol will bring.

Proposed Capacity Building and Outreach Programs

¶ 9. The proposed outreach programs are designed to provide stakeholders with facts of biotechnology using a science-based approach. Stakeholders would include key HKG regulators and officials who will work on the review and proposed adoption of a mandatory labeling law for Hong Kong. In addition public outreach would be extended to educators, trade/industry, and other government officials based in Hong Kong, as well as the press and media.

¶ A. Biotechnology Outreach & Capacity Building Workshop (one-day): \$9,000; requested resources would cover the expenses for an agricultural biotech expert and spokesperson from the United States

to travel to Hong Kong. Aim of activity - to educate stakeholders about the science-based facts surrounding biotechnology, benefits it offers to farmers, manufacturers, and ultimately consumers. The Workshop will also provide insight into other voluntary labeling schemes around the globe and the positive affect it has had on consumer choice. Post would work to coordinate special press interviews with the visiting expert and possibly participants to ensure maximum exposure of the program.

¶B. Hong Kong University Panel Discussion on the Benefits of Biotechnology (1/2 day): \$1,000; requested funds would cover costs of materials, invitations and logistics for the discussion session; Aim of activity - To provide educators and the U.S. biotech expert will hold a panel discussion at Hong Kong University and China University in Hong Kong on the application of biotechnology, science-based regulations, and benefits/consumer choice. Post will work with the University to coordinate press coverage of the event and provide press points on the benefits of biotechnology for food products.

¶C. Hong Kong Government Regulatory Officials Training in the United States (1 person): \$10,000; Aim of activity - one HKG official would travel to the United States to meet with USDA regulatory officials and other agencies to better understand the U.S. approaches related to voluntary labeling, biotech regulatory policy and the positive impact on consumers as well as health safety. Official would also attend a special "Short Course" on biotechnology at Michigan State University to learn about the science behind biotechnology, applications, benefits, as well as meet with industry leaders in this field.

STAKEHOLDER POINTS OF VIEW

HKG Stance on Cartagena Protocol on Biosafety

¶10. The Hong Kong Government's Environment Bureau takes the lead on the implementation of the Cartagena Protocol on Biosafety. While it is a policy bureau, the technical responsibility lies with the Agriculture, Fisheries and Conservation Department (AFCD). AFCD is primarily responsible to provide infrastructure support services to promote agricultural production and sustainable development of agriculture and fisheries in Hong Kong. In 2002, AFCD created a division called Biodiversity Conservation Division. Among other duties, its role is to prepare Hong Kong to implement the Cartagena Protocol. Hong Kong at present is not a party of the Convention on Biological Diversity and the Cartagena Protocol on Biosafety. The application of international agreements to the Hong Kong Special Administrative Region, in this case, is handled by the People's Republic of China.

Green Groups and Consumer Organizations

¶11. The green groups and consumer organizations are key parties in Hong Kong advocating mandatory labeling of biotech foods. Their rationale is based on consumers' right to know. The safety issue is not their major argument. The request of green groups and consumer organizations has gained support of certain Legislative Council (Legco) members. In January 2000, Legco adopted a motion to "draw on the experience of most member states of the European Union and expeditiously legislate for a labeling system" and to "conduct strict examinations and tests" on biotech foods. On June 2003, Legco passed a motion calling on the government to expeditiously establish a "voluntary first, and then mandatory" approach to a labeling system for biotech foods.

Food Industry/Trade

¶12. In general, food industry groups are opposed to mandatory labeling of biotech foods on the grounds that it would limit the choices of consumers, reduce variety of food supplies to Hong Kong and add burden to consumers and the industry alike.

¶13. Post responsible officer is Anita Katial at anita.katial@usda.gov.